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TAGS: [PGOV](#) [PHUM](#) [SCUL](#) [SOCI](#) [CH](#)
SUBJECT: CHINESE SEARCH ENGINES CENSOR FOR CASH?

REF: BEIJING 3635

Classified By: Political Minister Counselor
Aubrey Carlson. Reasons 1.4 (b) and (d).

Summary

¶1. (C) One consequence of the ongoing milk safety scandal in China has been the revelation that PRC search engines apparently regularly accept money from corporate clients to suppress negative news in online search results. Baidu, by far China's most popular search engine, has been criticized over allegations that it accepted three million Renminbi (RMB) to screen derogatory news about milk producer Sanlu, one of the main culprits in the tainted milk scandal. Baidu denies these charges. Embassy contacts say that while it is unclear whether Baidu and Sanlu are guilty of colluding to suppress information in this specific case, they nevertheless assert that, in general, major search engines in China do offer corporate clients a variety of means to censor negative information in exchange for cash. Industry contacts generally feel that although this incident is unlikely to end the censorship for cash practice in China, it may at least make some companies more reluctant to seek these services in the future. End Summary.

Cover-up Exposed?

¶2. (C) Soon after news broke of milk producer Sanlu's connection to an alarming increase in sick infants who had been drinking Sanlu-produced infant formula (see reftel), rumors of an Internet cover-up designed to suppress news of the growing scandal began circulating in popular Chinese online chat rooms and BBS forums, such as Tianya, Cat 898 and Sohu. Postings generating some of the most lively discussion concerned the online publication of a fax, allegedly written by a Chinese advertisement company, in which the company advised Sanlu to pay Baidu a supposedly "discounted" fee of three million Renminbi (RMB) in exchange for Baidu's screening of negative news articles related to Sanlu over the course of one year. The fax, entitled, "A Sanlu Group Public Relations Solution," was allegedly written by the advertisement firm Teller (Taolan Tonglue International Advertisements Limited) on August 8 and has since been widely copied and transcribed across the Chinese Internet.

¶3. (C) A spokesperson for Teller told the Chinese daily business newspaper 21st Century Business Herald (21 Shiji Jingji Baodao) that the letter is a fake and that "Teller and Baidu do not have any relationship." Baidu subsequently released a lengthy statement in which it admitted that a public relations company representing Sanlu contacted Baidu two times in mid-September asking the company to "screen negative news related to Sanlu." Baidu, however, states that it "refused" to comply with this request. On September 23, Baidu's own public relations firm said it had been authorized to tell journalists that Baidu "flatly refused" to comply

with the censorship requests from Sanlu's PR company.

Scandal Sheds Light on Apparently Common Practice

14. (C) Contacts in the public relations and Internet search sectors have told PolOff that, although it is unclear whether search engines such as Baidu received money to censor in this case, the practice is nevertheless common in China. Lynn Lin (protect), a PRC citizen and former Baidu investor relations manager now resident in New York, recently commented to PolOff that even though she had not been involved in this side of Baidu's business, the accusations over censorship for cash sounds "plausible." Separately, Huang Lin (protect), a PRC citizen account manager at Fleishman-Hillard's Beijing corporate communications practice, told PolOff that it is "normal practice for (Chinese) media to ban negative news for advertisement clients." Huang noted that this "brand protection service" is not written into contracts, so it is "difficult to track." Kaiser Kuo (protect), an American citizen and director of Ogilvy Public Relations China's Digital Strategy group, told PolOff that although he had never seen evidence of a "smoking gun" implicating Baidu in this practice, he nevertheless said he believes that Baidu will "do just about anything for the right price," including manipulating online search results. Li Xiang (protect), a PRC citizen consultant at Ogilvy Public Relations, separately admitted to PolOff that two years ago she and her team at Ogilvy advised a major U.S. shipping client that they could pay Chinese search engines to censor news.

Negative Internet Reaction

15. (C) Chinese netizens have reacted angrily following exposure of this apparently common practice. In an unscientific poll on the popular private Internet forum Tianya that was accessed by PolOff on September 22, 75 percent of 9,602 respondents said that they believe that Baidu had taken money from Sanlu in exchange for censoring search results. Fifty-nine percent of 9,526 respondents said that they will no longer use Baidu, while 26 percent said that they "don't care" and "will use whichever search engine has the best service." Posters on a number of online forums including Tianya have suggested that the characters for Baidu should be changed to mean "100 Poisons" (a play on Baidu's name). Netizens commenting on an article carried by Sohu regarding the scandal were equally angry, with one person writing that, "Baidu and Sanlu have both poisoned the people. After this, don't ever use Baidu!"

Will Censorship for Cash Continue?

16. (C) Contacts were not optimistic that this incident would end or have a major impact on the "public relations" services Internet companies offer to clients. Ogilvy's Kuo said he believes the event will make larger companies less likely to resort to this sort of practice concerning major incidents involving death. For smaller matters, however, Kuo conceded that companies will likely "keep doing what they're doing." Huang Lin of Fleishman-Hillard said the problem is more deeply rooted in Chinese "self-censorship," and "one incident won't change this practice."

Comment

17. (C) Baidu is known to charge its advertising clients for increasing the prominence with which these clients will be featured in specific keyword search results done on Baidu. Baidu, which is listed on Nasdaq and commands more than 60 percent of China's Internet search traffic, is open about this practice with its investors. For example, in its 2006 annual report, Baidu boasted to investors about its new "intelligent ranking system" and "dynamic bidding mechanism," both of which apparently make the process of selling keywords more "sophisticated." The company has, however, been

criticized for not being forthcoming with its users about this practice. Regardless, this is the first time the Embassy has heard that Chinese search engines apparently routinely help clients suppress negative news stories in exchange for cash.

RANDT